

An Inspection of Earliest Commercial Ownership and Improved Way to minimize the Failure

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تحليل للملكية التجارية المبكرة وطرق مطوّرة للحد من الفشل

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Abstract

A nation's economic development and its citizens' welfare fundamentally rely on the effective engagement of its initial commercial proprietorship. This bodes poorly for the swift growth and advancement of the nation's economy and, consequently, the welfare of its citizens. It is essential to involve students in management skills during foundational classes for those aspiring to enter this field. The researchers conducted extensive investigations into the extent of initial commercial engagement and business ownership. This research paper proposes strategies to enhance government initiatives to promote the indigenisation process to eradicate poverty. This paper identifies the critical issues necessary to fulfil the country's mission of alleviating poverty.

Keywords: Commercial Ownership, Small and Medium Enterprises, Libya, failures.

الملخص

يعتمد التطور الاقتصادي لأي دولة ورفاهية مواطنيها بشكل أساسي على المشاركة الفعالة في الملكية التجارية المبكرة. ويُعد ضعف هذه المشاركة مؤشراً سلبياً على النمو السريع وتقدم الاقتصاد الوطني، وبالتالي على مستوى رفاهية المواطنين. ومن الضروري إشراك الطلبة في تنمية مهارات الإدارة منذ المراحل الدراسية التأسيسية لأولئك الراغبين في دخول هذا المجال. قام الباحثون بإجراء دراسات موسّعة حول مدى المشاركة التجارية الأولية وملكية الأعمال. وتُقدّم هذه الورقة البحثية استراتيجيات لتعزيز المبادرات الحكومية الرامية إلى دعم عملية التوطين (التمكين الاقتصادي الوطني) بهدف القضاء على الفقر. كما تحدد الورقة القضايا الجوهرية اللازمة لتحقيق مهمة الدولة في تخفيف حدة الفقر.

الكلمات المفتاحية: الملكية التجارية، المشروعات الصغيرة والمتوسطة، ليبيا، الفشل.

Introduction

Eradicating poverty is thought to be feasible only through economic diversification, as the current economy is heavily reliant on diamond mining, which is conducted by a limited number of companies in partnership with the government [1]. Small and Medium Enterprises are widely regarded as the remedy for these policy challenges, necessitating the establishment of competitive businesses that provide inherent efficiencies alongside appropriate incentives. Small, Medium, and Micro Enterprises contribute 30%-45% of GDP, while the remainder is attributed

to large firms. This illustrates the potential of SMMEs (Small, Medium, and Micro Enterprises) within the economy of the country [2-5]. These facts underscore the necessity of investigating potential sectors in which the government could engage to achieve its objective of diversifying the economy and subsequently empowering the citizens. Financial assistance is offered through multiple channels to promote sustainable job creation and economic diversification. In the global rankings, the Country's per capita income is approximately USD 5,000. The peak GDP recorded was 18.4% in 1975/1976, and this figure has subsequently declined to approximately 4%-5%. For the Country to eradicate poverty by 2016, a GDP growth of roughly 8% is necessary [6]. The nation confronts a challenge due to the uneven economic distribution, with a significant portion of the population subsisting on less than 2 USD daily (24% living on under 1 USD and 50% on under 2 USD). The society is significantly indebted, resulting in issues with debt repayment. Accessing finance is challenging in a predominantly cash-driven economy. The issue is exacerbated by a shortage of skilled labor and a high incidence of HIV and AIDS. The SMME policy document, as per the Local Enterprise Authority, recognizes the following constraints:

- Challenges in obtaining financing;
- Individuals lack entrepreneurial skills;
- Educational framework that does not promote self-employment;
- Insufficient training in start-ups;
- Excessive governmental laws and regulations;
- Insufficient information regarding projects to support programs.
- Insufficient data regarding SMMEs (Small, Medium, and Micro Enterprises).

Based on this background that links effectual theory with key business processes, it is interesting to investigate its relationship with business failure. This topic has long been strongly stigmatised in entrepreneurship literature. It is this taboo that justifies the importance of studying failure as just another business process. However, it is clear that for entrepreneurs, being successful and growing their businesses is the ideal outcome [7].

Furthermore, the renewed interest in the study of failure within the field of entrepreneurship has put the focus on individuals and their experiences of failure. Therefore, it is also interesting to investigate entrepreneurs' reasoning and decision-making logic during these processes [5, 8].

In this paper, effectuation theory is used to analyse cases of failed entrepreneurship. To do so, an interpretive phenomenological analysis of four failed experiences of entrepreneurs in Libya's software and computer services sector is presented. This method allows each experience to be described and analysed in depth based on the meanings that individuals attribute to them. Through the narrative tool, the how of the phenomenon is understood and, in particular, the performance of the individual within their environment.

Coordinated Initiatives to Advance their Economies

Globally, nations are undertaking coordinated initiatives to enhance their economies, and local ownership of productive resources serves as the most effective strategy for realizing this commendable objective. Ownership independently contributes to the enhancement of individual dignity, economic autonomy, and social liberty. Nonetheless, this does not entirely negate the necessity for foreign direct investment, as it promotes the transfer of technology, specialized skills, and essential knowledge crucial for enhancing the production of goods and services, thereby fostering accelerated economic development that a developing nation like a Country urgently requires. The cyclical nature of economic phenomena necessitates that a country establish a robust economic foundation, best achieved through local ownership of productive assets in various business forms [9].

This research aims to advance the pursuit of this objective. The researchers aim to identify the existence of early influences in the commercial sector that have become synonymous with contemporary economic and individual empowerment in numerous developing nations. The paper will commence by defining an entrepreneur and will demonstrate the significance of entrepreneurship in the economies of developing nations by outlining both its advantages and disadvantages. The methodology employed is emphasized, followed by the presentation of results and their analysis. Ultimately, conclusions are reached, accompanied by implications, recommendations, and insights derived from the findings of this study. The concepts of entrepreneurship and entrepreneur have been defined in numerous ways by various individuals. An entrepreneur is an individual who establishes a new business amid risk and uncertainty to attain growth by recognizing substantial opportunities and gathering the requisite resources to exploit them. Anon characterized an entrepreneur as "an individual who engages in innovations, financial management, and business expertise to convert innovation into economic products." Consequently, entrepreneurship entails the utilization of one's commercial acumen to establish a new business enterprise. Stoner, Gilbert, and Freeman characterized entrepreneurship as "the capacity to utilize factors of production—land, labor, and capital—to generate new goods or services." [10] An entrepreneur is a specialist in integrating factors of

production to create a productive entity aimed at achieving established objectives. Stoner et al. asserted that "the entrepreneur perceives opportunities that other business executives overlook or disregard." Contemporary entrepreneurship encompasses commercial mindsets, leading to the emergence of social entrepreneurship, political entrepreneurship, and knowledge entrepreneurship [11].

Nonetheless, the most apparent manifestation of entrepreneurship is the establishment of a business. It can be asserted that entrepreneurship is fundamentally distinct from management. "Entrepreneurship entails the initiation of change in production, while management encompasses the continuous coordination of the production process." Śledzik, Karol. (2013) [12]. asserts that "entrepreneurship is a discontinuous phenomenon, emerging to instigate alterations in the production process and subsequently vanishing until it resurfaces to provoke another change."

Development of Entrepreneurship The history of entrepreneurship originates from the medieval era of craftsmanship, during which artisans, particularly blacksmiths, devised innovative methods for tool production aimed at enhancing productivity. The subsequent invention of the internal combustion engine for automobiles initiated a series of commercial ventures that led to the industrial revolution of the 1900s. Since that time, entrepreneurs have persistently transformed global economies through the establishment of new business enterprises. **The Function of Entrepreneurship in Economic Advancement** Entrepreneurship catalyzes economic development in any nation. "Entrepreneurship and economic development are intrinsically connected." He contended that "regardless of a country's economic and political structure, entrepreneurship is essential for economic development." The authors of this paper assert that economic development is fundamentally anchored in the expansion of small enterprises, which predominantly employ the majority of workers, especially in developing nations. **Attributes of Accomplished Entrepreneurs** Successful entrepreneurs possess distinct traits that are uncommon among average individuals or non-entrepreneurs [13]. These encompass an "aptitude for opportunity, autonomy, a strong work ethic, self-assurance, discipline, discernment, adaptability, the capacity to leverage stress, a drive for achievement, and a focus on profitability." **The Advantages of Entrepreneurship** This topic would be incomplete without addressing the significant advantages of entrepreneurship. It identified four primary social benefits of entrepreneurship: economic growth, enhanced productivity, the development of new technologies, products, and services, and the introduction of competition that fosters marketplace change [14].

The Possible Disadvantages of Entrepreneurship Every coin possesses two facets. The converse of advantages is disadvantages. Entrepreneurship entails "income uncertainty, the risk of capital loss, extensive hours and arduous labor, and a diminished quality of life until the business is established, "as well as" elevated stress and anxiety, total accountability, and feelings of disillusionment and discouragement when confronted with challenges." Establishing a business necessitates considerable dedication, perseverance, and discipline. **Commercial Failures** Establishing a prosperous new enterprise necessitates a blend of expertise and aptitude. Researchers have identified multiple factors contributing to the failure of businesses, particularly new small enterprises. Ten reasons have been identified: inadequate management, lack of experience, poor financial oversight, ineffective marketing efforts, failure to formulate a strategic plan, uncontrolled expansion, suboptimal location, improper inventory management, incorrect pricing, and an inability to execute a commercial transition. It proposed several strategies aimed at preventing business failures, which include "thoroughly understanding one's business, formulating a robust business plan, effectively managing financial resources, comprehending financial statements, mastering personnel management," and "maintaining self-awareness." A business consultant remarked, "Launching a business resembles running a marathon; if you are not physically and mentally prepared, you should consider alternative pursuits." Therefore, an entrepreneur must diligently monitor their health to guarantee complete engagement and focus on the business.

Financial Autonomy and Destitution

Expression of the Problem To attain economic independence and reduce poverty, it is essential to implement a policy of economic diversification into other sectors, even though the government has made large investments in diamond mining, which is the foundation of the economy. As stated in the vision policy document Anon, encouraging creativity and innovation is a fundamental tenet of this effort [15]. Therefore, it was crucial to use this kind of research to look at the extent of early business ownership in the nation. The significance of the research As a first step in reducing poverty, the researchers hope to help create a future country, Africa, and the world that encourages an entrepreneurial spirit among its people. Today's biggest problem is that most people around the world are accustomed to working as temporary workers for different companies, people, and governments. Especially in Africa, entrepreneurship is rarely given priority until a person does not meet the requirements for a diploma or degree program at a university or college. As they struggle to provide for their citizens, governments are complaining about high unemployment rates, the widening gap between the rich and the poor, the turmoil on Wall Street, and increased government spending. Through early entrepreneurship initiatives, the authors hope to

demonstrate the transformative power of local business ownership on individuals, encouraging a move away from reliance on the government and toward self-reliance [16].

Suggested Research Approach

The methodology used to carry out the study is described in this section. The study design, data sources, study population, sampling and sample size selection, data analysis, and result interpretation are all methodically described. The research's strategic approach is outlined in the study design. From data collection to results distribution, the plan outlines the procedures and guidelines that must be followed. The survey approach was chosen as the research method because it was easy to use and accessible to the city's retail businesses and targeted respondents. Both primary and secondary data sources were used in the study. While questionnaires and in-person interviews were used to collect primary data, secondary data were used to review entrepreneurship literature. A questionnaire, according to the research paper's authors, is "a collection of questions intended for specific respondents."

When collecting conceptual data, questionnaires are preferred over interviews because they give respondents more time to think through their responses and are usually free of interviewer bias, which could influence the respondent's thinking through probing questions. Consistent follow-ups in this study successfully reduced this phenomenon. The purpose of the conducted interviews was to determine the ownership status of the business in question, and the information was promptly recorded. As a result, the usual adverse effects of human biases associated with this data collection technique were lessened. All Francistown retail business owners, senior managers of retail establishments, the mayor and his department heads, senior representatives from the Ministry of Trade and Consumer Affairs and the Registrar of Companies, bank managers and their deputies, and people with significant expertise in commercial and industrial business comprised the sample frame for this study. While sample size refers to the subset of a population of interest, sampling is the process of choosing units of analysis, such as households or individuals, from that population. Because it is difficult to pinpoint the precise number of possible respondents prior to putting the research tools into place, stratified sampling was used, and the sample frame and sample size are interdependent. Tools for Gathering Data As previously mentioned under data sources, a survey method in conjunction with interviews was used to gather information regarding the commercial ownership status of the retail establishments visited. While the completion questionnaire did not use tallying boxes, the ownership status questionnaire did.

(1) *Strongly agree*, (2) *Agree*, (3) *Not sure*, (4) *Disagree*, and (5) *Strongly disagree*.

The merits and demerits of the two were also succinctly expressed. The researchers employed tables and graphs for the effective analysis of the data. There are inherent limitations in all reliable studies, and this one is no exception. The following are the limitations:

- ✚ The informal enterprises, including tuck-shops and vendors of airtime and confectionery, were intentionally excluded;
- ✚ The potential biases of respondents in reporting business ownership types and completing questionnaires cannot be discounted;
- ✚ Certain key respondents, such as municipal management, were unable to complete the questionnaire due to professional obligations despite their potential valuable contributions.

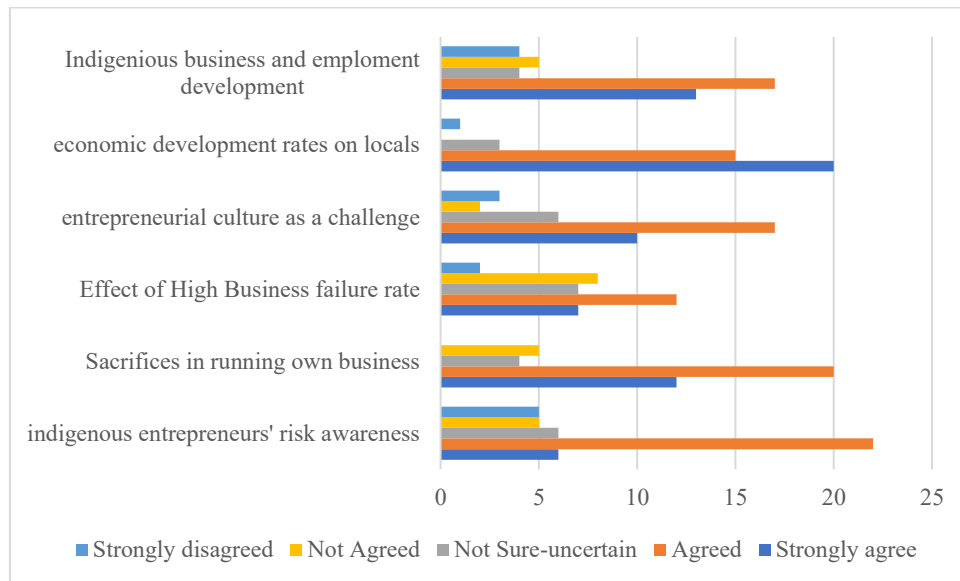


Figure 1: Response rate of the survey results.

Response Rate: Since on-site personal interviews were used to collect data, the 230 retail establishments surveyed within the business ownership classification category had a 100% response rate. Because the targeted respondents are busy business owners and government and private sector workers, most of whom spend a large amount of their working hours in meetings or on personal projects, this rate is considered favourable. Thus, consistent follow-ups were necessary to attain the 72% rate. According to the demographic distribution of respondents, the majority (28 out of 38) are between the ages of 25 and 49, which may be considered the ideal age range for collecting the data because it corresponds with the demographic of potential investors. Going over this age is a real coercive situation.

Categorization according to Business Ownership In many areas of the retail sector, foreign ownership is prevalent. Clothing (65%), electronics (66.67%), electrical (53.09%), pharmacies (100%), financial institutions (55.81%), higher education (57%), automobile sales (66.67%), footwear (61.54%), and furniture (61.11%) are the following percentages. This represents 50.42% (242 out of 480) of the retail categories that were identified. The fact that 37.71% of the population is indigenous or local shows how dominant they are. 9.38% of the ownership is held by franchises, and 2.5% is owned by citizens. These findings probably indicate that areas where foreign ownership is more prevalent require higher managerial skills and more proficiency in foreign business operations, like importing. Some car sales are also run by Somalis. The vast majority of foreigners have an external focus. "Without this external focus, organizations and leaders may be proud of their domestic achievements, but they are unlikely to compete at elevated performance standards," claim Hill and Jain. 50 percent of grocery stores, 40 percent of eateries, 84.62% of hair salons, 57.14% of bookshops and stationery, 75 percent of real estate developers, 47.06% of optical shops, and 62.50% of suppliers and paint retailers are local businesses. These regions might be thought of as less demanding and require less international trade. During a severe economic downturn, the continued foreign dominance in the designated technical sectors may cause capital flight, which would reduce the economy's ability to create jobs. This could have a broader economic impact.

As a result of the research carried out, it can be determined that, in order to increase the participation of SMEs at an international level, government support is essential and this must be from the moment the company is established, to create SMEs with a good structural and financial organization, in addition to a business culture and vision of wanting and being able to always grow over time, this implies both economic and educational support, and it is precisely in education that many times lies that micro cannot become small or medium-sized companies, since due to ignorance many mistakes are made, also one of the most important factors is how the owner or owners project their company because they tend to do, at the beginning almost everything, they tend to be involved in each one of the processes, which makes it key to the future of this, on the other hand when it already has a good organization and appropriately enters its territory, it must begin to open other branches or points at a national level, in this process it will gain experience in logistics, adaptation of its products and services which will give it a vision of how it should perform at an international level, where with government or own advice you can get each of the requirements or steps to reach another country, a key piece being to determine in which country our product is desired, the tariff and non-tariff barriers, what type of treaties Colombia has with that country, evaluate

what is the best way to start exports either through franchises, creating partnerships, looking for distributors, or directly, however as we saw in the case of Alpina you must always be willing to face challenges, and make improvements to be able to stop being SMEs to become Large Companies and then multinationals.

Conclusions

Based on the preceding discussion, the researchers have reached the following conclusions.

- The majority are risk averse, and early business ownership is still uncommon, especially in highly technical industries like pharmaceuticals and those requiring international trade.
- Through strategic vision, low inflation, low interest rates, and the creation of the Citizens Enterprise Development Fund, the national government has created an environment that is conducive to commercial investment and development; nevertheless, this potential is not being fully realized.
- Some young people and potential investors embezzle the available funds by repurposing them for non-business uses.

A country's ability to develop economically and create long-term jobs depends on the thorough commercial activity of its founding citizens; entrepreneurship is currently not formally taught or evaluated in junior and senior high schools. Researchers found that although efforts are being made to incorporate this into the curriculum, many people lack managerial experience and business acumen. The aforementioned findings indicate that cultivating the requisite courage to engage in entrepreneurial endeavours is crucial.

The researchers propose the subsequent courses of action.

1. Increased collaboration between foreign nationals through franchises, joint ventures, and partnerships in technical fields is essential to accelerate skills transfer to local populations.
2. The government should contemplate the establishment of an entrepreneurship training centre. In addition to its existing science and technology centre, it can also establish one focused on business. The University of International Business and Economics in Beijing, China, houses a Business School. In the United States, specifically in Philadelphia, there exists the Wharton School, a commercial institution. Consequently, the proposed centre should enhance commercial impetus for numerous individuals across Africa.
 - i. Individuals will gain business acumen and management expertise, as well as experience in finance, human resources, and other pertinent domains currently deficient, in order to mitigate the business failures outlined in the aforementioned literature review.
 - ii. The presence and subsequent success of its graduates will foster a culture of entrepreneurship both locally and throughout Africa.
 - iii. There will be much less risk aversion and more money available for economic growth as opposed to selfish interests.
 - iv. People will be aware of the benefits of entrepreneurship, such as individual freedom, efficient money management, the best possible site for a business, and the incorporation of cutting-edge goods and services.
3. From a young age, particularly in junior secondary school, entrepreneurship should be taught. Entrepreneurship is now a required course at all state universities, colleges, and polytechnics in some countries, especially those that offer commercial programs. Additionally, this could change the widely held belief that entrepreneurship is best suited for those who have failed at formal schooling, which would otherwise confine it to brigade schools and vocational training facilities. The rise of a new and creative class of entrepreneurs will increase the employability of adults in general and young people in particular, helping to eradicate poverty in some communities completely.
4. The government should intensify efforts to motivate citizens to leverage the favourable political and economic climate in the country by utilising available financing options from commercial banks and similar institutions to establish their enterprises.

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Compliance with ethical standards

Disclosure of conflict of interest

The authors declare that they have no conflict of interest.

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